

Eshkol Reports Steady Growth Of Economy; Urges 'Save More'

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MR. Eshkol's budget

speech has once again brought us a well-balanced review of past achievements, coupled with warnings of the future. The generally favourable outlook of Israel's economic development gave added weight to his strictures in respect of certain weak points, notably excessive consumer spending, insufficient home savings, and the tendency to raise wages and expand welfare activities without full consideration of the cost involved. However, as in previous years, there is a marked gap between the stern admonitions and the fiscal programme actually presented by the government in the next year's budget figures, though this time neither a weak coalition nor approaching general elections could be cited as an excuse.

Mr. Eshkol himself is, of course, fully aware of this. "It has not escaped our attention," he said, "that this time we do not propose to transfer any sum from the tax revenue to the Development Budget. One should bear in mind, however, that we now have to finance what the Ordinary Budget of IL12m. worth of work previously provided for by other institutions. Also, the Defence Budget this time includes some investments which might perhaps have been placed in the Development Budget."

This reasoning does not seem conclusive when one recalls that in the current budget IL20m. of tax revenue were transferred to investments, and that next year's expenditure will increase by about IL13m. Why, then, has Mr. Eshkol asked what he considers his duty, namely to increase the volume of local savings by creating a budget surplus and thus incidentally blazoring the trail for private savers and business? The most optimistic view concerning the prospects of voluntary saving and the probable effects of government encouragement in this respect can hardly justify the failure to parallel this activity in the public sector.

This point is made more significant by the planned expansion of exports. In 1959 sales abroad accounted for 40 per cent of the aggregate rise in our industrial output, and the percentage will certainly be greater this year. The additional export proceeds are, however, to be used for replacing non-recruited foreign income, or — at best — for piling up some gold and foreign exchange reserves (as has been done in the past year) in order to provide our economy with adequate protection and operating funds for an emergency (not necessarily military, but perhaps due to a rise in world prices of prime products). We are going to expand production and earnings without providing for a parallel expansion of supplies for consumption, and as a result a new potential source of inflationary pressure is likely to develop, even though the lid may be kept tight on the traditional kettle of budgetary imbalance. Surplus purchasing power must be skimmed off to prevent unwelcome developments in many fields.

As a matter of fact, the budget bears signs of indecision in other points also, including income tax. Here long overdue reforms have been left in the air, hanging fire apparently owing to recently disappointing revenue results. This situation should have been used to reduce administrative expenditure. Fortunately we have reached a standard of living and of social services high enough to make a sound economic policy possible. There should be no more delay in putting it into effect, and no better occasion could be imagined for it than the impending announcement of a five-year economic plan.

25 FRENCH U.I.A. WORKERS ARRIVE
LYDDA AIRPORT. — A delegation of 25 United Israel Appeal workers from France, headed by Dr. Gaston Weil, Chairman of the Mait campaign, arrived here on Monday morning by El Al air-liner.

Sir Anthony Eden's Memoirs (XIV)

B-G Scored with 'Brilliant Courage and Firmness'

Port Said Fighting

WHEN fighting was resumed it took the form of sniping and guerrilla tactics in built-up areas. It was during this later period that the town was damaged. The parachute force had done its job valiantly and brilliantly, but it was too small in numbers to complete the capture of the town, now that the truce was off. The assault forces from Malta did not get off to a good start, arriving exactly on time. The Royal Marine commando went ashore at Port Said in the early hours of the morning of November 6. French commandos and supporting troops landed at Port Said. The street fighting which followed was complicated by the fact that most of the Egyptian regular troops had discarded their uniforms and were indistinguishable from civilians, many of whom were also armed. Some centres of resistance held out until the afternoon, but by dusk organized fighting had ceased. Our forces had started upon an advance to the south and by 5 p.m. had reached El Cap, twenty-three miles down the causeway.

General Keightley had estimated that he could occupy Ismailia by November 8, and Suez by November 12. As he put it later in his dispatch, that would have completed the whole operation in twelve days from the start of air operations. Fighting between Israel and Egypt ceased on November 6 and our plans were therefore never completed. No other Arab state joined in the United Nations were scratching together a force to take up positions in the area of fighting. Our intervention had compelled both these decisions. At 5 p.m. on November 6, the Allied Commander-in-Chief was given orders to cease fire at midnight.

It will be seen from an account of events in London how the decision to cease fire was taken. Throughout the day of November 5, we were being continually pressed to accept a United Nations command in the Suez area, as meeting all our conditions for a cease-fire. This it did not do. A commander without forces could not fill the vacuum. During the night Marshal Bulganin's letter arrived. He had made it public before it reached me and its tone caused some uneasiness in some sections of the press. The Soviet Premier declared that the war in Egypt could grow into a third world war.

During the first four days, the Soviets, both at the United Nations and in their wireless statements, had remained extremely quiet and restrained. Their first intervention at the Security Council was more moderate than that of the United States and did not condemn Anglo-French action as Mr. Cabot Lodge's resolution had done. Their propaganda was stepped up only some days after it became clear that the United States were in the lead against us at the United Nations. Oblivious of Hungary, the Russians felt they could start with the pack. This period of Soviet reserve was due to a number of causes. The Russians were determined not to risk putting themselves in an exposed position from which they might have to retreat, as over the Berlin blockade. They also recalled the warning I had given to Khrushchev and Bulganin when they came

to London, that if need be we would defend our interests in the Middle East by force. Probably they were suspicious that United States indignation against its allies could not be as violent as it appeared. From the Soviet angle, it was rather too good to be true. To them it seemed unthinkable that the United States should not be as mindful of the interests of their allies as Soviet Russia was prepared to be of hers. There might be a catch in it somewhere and it would be wise to move prudently. Reassured on this point, and encouraged by the failure for several days even to discuss Hungary at the Security Council, the Russians thought they could take on something else. They made a leap for the lead.

A Formidable Threat

A more formidable threat than Marshal Bulganin's note need not be taken lightly. A run on the pound, at a speed which threatened disaster to our whole economic position, had developed in the world's financial markets. Two months earlier the Cabinet had considered the financial consequences of taking action at Suez. The cost of the military precautions had been some £12 million. Holding our proposed operation in readiness from mid-September onwards had been costing us about £2 million a month. The operation itself was estimated to cost about £100 million, equivalent to one-sixteenth of the annual cost of the defence programme.

The Treasury had felt satisfied that these outlays could be borne without undue stress, though if the Canal were blocked and the pipelines were cut indefinitely, our balance of payments would be endangered. Chinese balances were withdrawn, no doubt for political reasons, and Indian balances reduced. But the position was made immediately critical by speculation against sterling, largely in the American market or on American account. The Chancellor of the Exchequer, Mr. Macmillan, later gave the House the figures. During the first half of the year, the dollar reserves of the United Kingdom had been rising. Some pressure against sterling had been expected in the autumn, and allowance had been made for it. This pressure was greatly intensified at the beginning of November. Our dollar reserves fell by \$27 million in September, \$84 million in October, and \$279 million in November. \$279 million represented about 15 per cent of our total dollar reserves. This was gloomy forecasting and could have been decisive within the next few days.

There were reports at this time of a disident minority in the Conservative Party in the House of Commons. I was told that if a cease-fire were not announced that day, some of them would not vote with us. I was not influenced by these reports, but the position was that there had been some contacts between our two members of our party and the Opposition leaders. The overwhelming majority was firmly loyal. There are always weak straws in any crisis and sometimes they will be found among those who were toughest at the outset of the journey.

Popularly my problem was very different. The country had made up its mind that we were right to start; they would not be so easy to convince that we were right to stop. I had been playing politics, nothing would have suited me better than a defeat in the House of Commons at this juncture. I had no doubt that failure to assert international authority would result in a sharp deterioration in the Middle East in the next year or two, until intervention became inevitable once again. That would be the moment for me and those who shared my views. But I was not playing politics and I expected to stay in office until that moment came.

None of these considerations determined our decision when we met at 9.45 a.m. on November 8, although all were in our minds in varying degrees. The Chancellor of the Exchequer had rightly been to see the Foreign Secretary about our financial position earlier that day and I knew that it was grim. Another factor weighed even more in my mind, and I am sure in that of my colleagues. We had intervened to divide and, above all, to contain the conflict. The occasion for our intervention was over, the fire was out. Once the fighting had ceased, justification for further intervention ceased with it. I have no doubt that it was on this account more than any other that no suggestion was made by any of my colleagues, either then or in the hours which elapsed before my speech at their command, and that evening, that we and the French should continue our intervention.

We knew, of course, that the heaviest pressure had been put upon Israel during the last forty-eight hours to accept the assembly's resolution. The United States Government in particular had used every resource at their disposal, and they were weary. There were promises also, President Eisenhower sent a personal appeal to Mr. Ben-Gurion in which he declared that once Israel had withdrawn from Egyptian territory new and energetic steps would be taken to solve the basic problems which had given rise to the present difficulty. It took eighteen months and Egyptian subversion in Lebanon and Jordan to compel any step at all; the basic problems still remained untouched.

I doubt whether service was rendered to peace by applying this pressure. Nasser's position in Egypt was by this time threatened. Our patrols reported growing panic on the roads back from the Sinai peninsula to Cairo, but the fighting had stopped and we had no justification for going on.

WE would have taken a second, and maybe a third, look at the problem had we understood what was to come. We were ashore with a sufficient force to hold Port Said. We held a gage. Nasser had received a humiliating defeat in the field and most of his Russian equipment had been captured or destroyed by the Israelis or ourselves. His position was badly shaken. Out of this situation intelligent international statesmanship should, we thought, be able to shape a lasting settlement for the Arab-Israel conflict and for the future of the Canal. We had not understood that, so far

from doing this, the United Nations, and in particular the United States, would insist that all the advantages gained must be thrown away before serious negotiation began. This was the most calamitous of all errors. Had we expected it to be perpetrated, our course might have been otherwise, but we could not know. As it seems to me, the major mistakes were made, not before the cease-fire or in that decision, but after it. I did not foresee them.

Happily, by a combination of brilliant courage and firmness, Mr. Ben-Gurion was able to secure for his country one capital advantage, free passage of the Gulf of Akaba to the port of Eilat, which could transform the economy of Israel and make everything that small country had endured worth while.

Optimists maintain that another 48 hours would have seen the occupation of the whole Canal and the end of the fighting. That was not our military advice, which reckoned on five days more, and it is likely that the longer period would have been required. Even if fighting by organized units had not lasted long, the practice of the Egyptian army in Port Said of throwing away unutilized arms and using guerrilla tactics in civilian clothes would in all probability have been repeated. It must have taken a little time to deal with, encouraged as it now was by Russian, and therefore by local Communist, support.

In the months after these events I repeated, read and heard the comment, especially from the United States, even from those in high authority: "If only you had gone on. The implication being that, the Canal once occupied and the main military operation over, the United States Government would have changed their attitude. I have never seen sufficient reason to accept this comfortable conviction and I do not believe that, if events had reached that point, they would in fact have done so. The United States Government had engaged their authority in the lead against us and would not have been appeased had Anglo-French forces occupied more of the Canal or even the whole of it. In all probability they would only have been more indignant."

The factor which must now always remain unknown is the effect of a rapid advance down the Canal and its clearance upon Nasser's position in Cairo. Militant dictators have more enemies at home than the foreigner ever dreams. It may be that even the Soviet entry into the lists would not have sufficed to save the regime in Cairo, humiliated by defeat and lacking the Voice of Egypt to call disaster victory.

Much of the subsequent controversy over the Suez decision has been about the trees and not about the wood. The main question is whether Israel would have brought better results for the peace of the world than action. I think not. I thought and think that failure to act would have brought the worst of consequences just as I think the world would have suffered less if Hitler had been resisted on the Rhine, in Austria or in Czechoslovakia, rather than in Poland. This will be for history to determine.

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funds for local Jewish schools. But sooner or later Jews at the Diaspora wanting Hebrew education for their children are going to find the financial burden beyond them unless they take money from the Appeal.
While Judge Herstein holds such strong views about maintaining Jewish and Zionist life in the Diaspora, he is firmly opposed to links with political parties in the State of Israel was established by the disapproval of remote participation in local politics.
Although Judge Herstein is so perturbed about the future of world Jewry and its relations with Israel, he is delighted with Israel itself. "Every time I come I find a still more remarkable transformation," he says. "We have found so many answers to apparently insoluble questions that I am sure we will work out this problem of Jewish education in the Diaspora as well, even if I don't see the answer at the moment." PHILIP GILLON

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MARGINAL COMMENT

THIRD FORCE IN IRAQ

By Nissim Rejman

TO the many mysteries shrouding the situation in Iraq today one must now add the interesting new one of the Iraqi Communist Party — or parties. The more one delves into this question the less comprehensible it becomes. The Baghdad authorities' decision last week to let a totally insignificant splinter Communist group led by Dawoud el-Sayegh masquerade as the Iraqi Communist Party may ultimately change the whole political landscape in a country where the Communists and their sympathizers have so far been considered the real masters of the situation.

At Moscow and Peking see it. At the "Itihad el-Sha'b" group, associated with the names of Zaki Khairi Sa'ad, Adal Salam and Abdul Kader Ismail el-Bustani, represents the "official" orthodox Communist line. What is more, the group controls all those "front" organizations thanks to whose active support General Kassem has been managing to stay in office — the Peace Partisans, the Popular Resistance Movement, the Students Association, the Democratic Youth Movement, the League for the Defence of Women's Rights, the Writers Union, the Journalists Association and — perhaps with a less firm and sure grip — the all-important Federation of Trade Unions and the Federation of Peasant Organizations.

COMPARED to this imposing edifice, which the Communists have built through 15 months of hard work and efficient organization, the Sayegh group, to which the Government has given preference, amounts to very little indeed. Sayegh, who is now generally described as an able tactician and prominent exponent of Marxism-Leninism, can boast of no popular backing whatever; the only instrument of his authority as leader of the Communist Party is a daily newspaper, "Al-Bahda," which made its first appearance only late last autumn and the source of whose finances poses a large question mark. When applications for political party licences were submitted last month, Sayegh surprised everybody by being one of the first applicants and by seeking a licence to found the Iraqi Communist Party. The gesture was indeed rather comical and no one took it quite seriously. Sure enough, a few days after the application was submitted an unverifiable number of the party's

sponsors withdrew their signature, while one or two others claimed they did not know their names were being used for the purpose. Sayegh was considered as good as finished.

LAST week came the biggest surprise of all. On what appeared to be a subtle point of procedure, Sayegh became the leader of the Iraqi Communist Party while the "Itihad el-Sha'b" group was left to lick their own wounds. The reason: the Ministry of Interior, which has to see to it that the parties' draft programmes are in keeping with the requirements of the new Law of Associations, raised seven objections to the programme submitted by this group. On Wednesday, the group's organ reported that all seven objections were answered, including one which required as to the meaning of the word "revolutionary" and the term "Marxism-Leninism" which appears in the programme. (The reply to this particular objection was interesting: "Marxism-Leninism," it ran, "is a scientific theory that deals with the general laws governing the development of society and guides Communist and workers parties everywhere. These parties, however, do not consider the theory as dogma, but take nationalistic and local characteristics into account in its application.") The position now is that, provided the Ministry does not raise any further objections, the "Itihad el-Sha'b" group will be considered licensed only on March 5. Meanwhile, it has been reduced to the unflattering status of a "rival Communist group." First reactions from the Communists to this unexpected intrusion into their exclusive club give the impression of their being stunned and confused.

WHAT does it all add up to? Is Kassem at last feeling in a position to carry on without the help of the Communists? Who will, from now on, organize those mammoth mass demonstrations in his support? Or are there elements in Kassem's own apparatus who are taking this sort of initiative, at last asserting themselves as the much-needed Third Force to stand both against the Communists and the Nasserists? Unless these questions are very spurious and lacking in real meaning, something big and far-reaching is now happening in Baghdad.
Tel. Aviv, February 10.

-CUT HIM IN TWO!



The Histrut insists that not only the middle income bracket, but also lower income groups should get income tax reductions.

By arrangement with "Ma'ariv"

YESTERDAY'S PRESS

Syrian Attacks Intolerable

THE Syrian reply to Israel's offer to negotiate a settlement following the Khabat Tawafk operation, writes Davar (Histrut), was the murder of two Israeli soldiers at Ashmar. The question now is whether we can permit a return to 1955, when fedayeen roamed the country. The Syrians' insolence stems from the fact that they are ensconced in the hills while we are in the valleys, they have military positions while we have labour settlements and their rulers care not a pin for the lives while every life is precious to us. We have no quarrel with the Syrian soldiers, but those who give them their orders will do well not to rely on the advantages of the topography.

At the Cinema

Funny Wisdom
Just My Luck (Orion, Haifa) is one of the better Norman Wisdom comedies, rather charming in its way, quite funny and with a little slapstick. It is a fairytale about a jeweller's mechanic (Norman Wisdom) who starts to bet on the races via the "accumulator" game on jockeys where the laying of a shilling can theoretically bring in thousands. Although his bookies are phony, their secretary befriends him and, wondrous to relate, our hero gets his money.
This, however, is not an altogether glamourised fairytale. We are brought into contact with everyday England. Norman gives all his wages to his Mum and has to beg and even steal part of it back.

VISITORS' GALLERY: Judge Joseph Herstein

A LUCID IDEALIST

MORRIS Herstein, a member of the Rumanian Bili, nearly died of blackwater fever in the 'eighties and was ordered by the doctor to leave Palestine. He settled in South Africa and stayed 15 years, undisturbed. He is one of the most distinguished Jews in the Union. He is also one of South Africa's most ardent Zionists. He is a member of the Technion and of the University of Jerusalem, besides serving on numerous occasions as President of the Israel United Appeal. Keren Hayesod, the Jewish National Fund and the Friends of the Hebrew University. He never tried to assert his "South Africanism" by soft-peddling his passion for Israel; on the contrary, when he was elevated to the Bench he made it clear that acceptance of the new honour would not affect his Zionist work.

Judge Herstein's present visit is his seventh in twelve years. He has a daughter, Nina, settled in Sayvon and his son Frank served in Mahal during the War of Independence; before returning to South Africa Frank obtained his Ph.D. Degree from the University of Jerusalem while working in the Weizmann Institute. Educated at Rhodes University College and the University of Capetown, Judge Herstein claims that he began his Zionist career at the age of nine; he is very proud of his first chairmanship, that of the Junior Zionist Society, which honour he earned when 11 years old. Like many Zionist leaders in Israel and the Diaspora, he is profoundly concerned about the future of the Jewish people as a whole and is at present Chairman of a Com-

mission of Enquiry investigating Jewish education in 15 Africa.
"I had hoped that I would get some guidance or assistance in Israel, but I must say frankly that I have been disappointed," he says. "The whole approach of the people in this country is to see everything through Israel spectacles. They set up certain ideals and objectives which are very commendable but which ignore realities."
The Judge thinks that preaching a Messianic mission and the redemption of the Diaspora is most desirable and impressive but hardly capable of fulfilment. In reality, he points out, the more Israel becomes established with Hebrew as its sole language the greater will become the separation of the non-Hebrew speaking sections of the Jewish people.
Jewish day-schools have been established to counter this trend, but these have brought all sorts of incidental problems such as proper staffing and the question of whether to concentrate on the Hebrew language or traditional religious values. Furthermore, they involve huge sums and South African Jewry has been reluctant to tap Israel Appeal

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Radio's Letter

AMERICAN SPIRIT

Editor, The Jerusalem Post
Sir. — If no one else has raised a voice in defence of the American Jews who have settled in Israel, I shall, for I do not consider myself nor the many others who have settled here as "fanatics" — the term used by one of the leaders of the Chicago Combined Jewish Appeal, in answer to queries about prospects for immigration from the West, be quiet as having said: "Prime Minister Ben-Gurion is kidding himself. There's not a chance of it... except for a few fanatics or youngsters" (your issue of February 5).
I am surprised at this lack of tact. There may not be a large number of immigrants from the U.S. but I feel that there is definitely a part for them to play in building the State of Israel.

The American Jews are among the few who have been fortunate enough not to see war and persecution at their doorstep. Their free spirit is necessary to our country, just as much as many other things are so vital to it.

Yours, etc.
"A FORMER CHICAGOAN"
(Name and Address Supplied)
Sarna, February 5.

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